3. गोवा	18.60
4. गुजरात	215.36
5. हरियाणा	31.11
6. हिमाचल प्रदेश	219.28
7. कर्नाटक	150.03
8. केरल	156.04
9. मध्य प्रदेश	97.55
10. मणिपुर	38.11
11. मेघालय	59.92
12. मिजोरम	20.58
13. नागालैण्ड	88.91
14. उड़ीसा	61.02
15. तमिलनाडु	162.30
16. त्रिपुरा	9.85
17. उत्तर प्रदेश	97.90
18. पश्चिम बंगाल	92.51

(ख) जी, नहीं।

(ग) प्रश्न नहीं उठता।

Increase in Menace of Narcotics in Gujarat

77. SHRI GOPALSINH G. SOLANKI: Will the Minister of FINANCE be pleased to state:

(a) whether the narcotics menace is increasing in Gujarat;

(b) if so, the number of drug peddlers arrested during the last three years and quantity of drugs seized during the same period in the State; and

(c) the number and details of drug peddlers prosecuted in the state during the last three years?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI M. V. CHANDRASHEKHAR MURTHY): (a) and (b) Since sale and consumption of narcotics is a clandestine activity, it cannot be said definitely whether it is increasing in Gujarat or otherwise. However, available information about the quantity of drug seized and the number of persons arrested in the State during 1991, 1992 and 1993 is given below:—

Drug	1991	1992	1993
	(Quantity seized in Kgs.)		
Opium	52	53	27
Heroin	2.500	0.805	1
Ganja	278.972	174.171	33.000
Hashish	60.000	297	90
Number of Persons arrested	346	315	226

(c) The number of pending court cases in the State during 1991, 1992 and 1993 are as follows:—

1991	1992	1993
235	215	95

There is some time lag between arrest and prosecution because investigation takes time.

Malhotra Committee Report

78. SHRI KRISHNA KUMAR BIRLA:
SHRI VIRENDRA KATARIA:

Will the Minister of FINANCE be pleased to refer to the answer to

Unstarred Question No. 2592 given in the Rajya Sabha on 21st December, 1993 and state:

(a) whether thousands of employees of GIC demonstrated against the recommendations of the R.N. Malhotra Committee Report and LIC staff resented the report;

(b) if so, the details of the recommendations made by R.N. Malhotra Committee;

(c) the reaction of the Government on the recommendations of the committee;

(d) whether the interest of GIC and LIC employees would be safeguarded before taking any final action on the recommendations of the Committee; and

(e) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) It has been reported by the LIC and the GIC that employees of a few Unions demonstrated against the recommendations of the Committee on Reforms in the Insurance Sector.

(b) The details are given in the statement (*See* below);

(c) to (e) The recommendations made by the Committee are being examined by the Government.

Statement

Major Recommendation of the Committee on Reforms in Insurance Sector

(1) There is an urgent need to activate the insurance regulatory apparatus even in the present set-up of nationalised insurance sector. For this purpose, and as an interim measure, the office of Controller of Insurance should be restored its full functions under the Insurance Act and it should be set up as a separate office as a matter of high priority. Meanwhile, steps should be initiated for the establishment of a strong and effective insurance regulatory authority in the form of a statutory autonomous board on the lines of SEBI.

(2) LIC which is a statutory corporation should be converted into a company registered under the Companies Act. The present capital of Rs. 5 crores of LIC contributed entirely by the Central Govt. should be raised to Rs. 200 crores with Government holding 50% thereof and the remainder being held by public at large reserving a suitable portion for LIC employees.

(3) The Central Office of the LIC should concentrate on policy formation, investment, product development, actuarial valuation, personnel policies, systems development and accounts of the Corporation. LIC's Zonal Offices should be delegated powers and should become Head Offices for insurance business and related matters in their respective jurisdictions. Zonal Managers should be made members of LIC Board. The process of reorganisation of the Central Office and Zonal Offices should be completed within a period of six months. The surplus staff at Central Office and Zonal Offices arising out of the restructuring should be re-deployed preferably with the Branches where the impact of growth of business is immediately felt.

(4) GIC should cease to be the holding company of the four subsidiary companies viz. New

India Assurance Company, United India Insurance Co., National Insurance Company and the Oriental Insurance Company. These should function as independent companies on their own. GIC would function exclusively as a reinsurance company and as the Indian reinsurer under the Insurance Act.

(5) GIC's capital should be raised to Rs. 200 crores, 50% of which should be held by the Government and the remaining by the public at large reserving suitable portion for GIC employees. To fully delink the subsidiary companies from GIC, Government should acquire the latter's total holding in each of them. The capital of each company should be raised to Rs. 100 crores, with Government holding 50% thereof and the remainder being held by public at large. A suitable proportion should be reserved for employees of the respective companies.

(6) The mandated investment of funds of the Life Insurance and General Insurance companies should be reduced from the present level of 75% and 70% to 50% and 35% respectively.

(7) The private sector should be allowed to enter insurance sector. No company should be permitted to transact both life and general insurance business. The number of new entrants should be controlled. The minimum paid-up capital for a new entrant should be Rs. 100 crore. The promotors holding could range from 26% to 40% of the paid-up capital. No person other than promotors can hold more than 1% of the equity If and when entry of foreign insurance companies is permitted, they should be required to float an Indian company for the purpose preferably as joint venture with Indian partners. Before the private sector is allowed to enter the insurance field, the Controller of Insurance should start functioning effectively.

(8) One co-operative society in each state might be permitted to transact life insurance business. Postal Life Insurance should be permitted to transact life insurance business in rural areas.

(9) Requests from the Cooperative institutions at the national and state levels, to transact general insurance business may be considered favourably subject to their satisfying the prescribed norms.

(10) New entrants in life insurance should be required to transact a certain minimum business in rural areas.

(11) Landless Agricultural Labourer Group Insurance (LALGI) and Integrated Rural Development Programme (IRDP) beneficiaries' schemes relating to life; and, Personal Accident and Social Security (PASS) and Hut Insurance Schemes of general insurance are relief oriented welfare schemes and do not involve any element of insurance. These should be transferred to the concerened Government authorities.

(12) It would be inadvisable to abolish the tariff regime in general insurance at this stage. But the personal lines or covers should be taken off the tariff regime at the earliest. The area under tariff should be progressively reduced to promote competition and improve underwriting skills in general insurance. Market agreements should be discontinued.

(13) Tariff Advisory Committee (TAC) should be delinked from the GIC and should function as a separate statutory body under such supervision of the insurance regulatory authority as may be necessary without becoming a part thereof.

(14) The system of licensing of surveyors by the Controller of Insurance should be given up and the insurance companies should be free to assign the right surveyor to the right job.

(15) In order to popularise pension scheme, savings in pension funds should be given special tax relief distinct from the benefits allowed to relatively short term savings. Investment income from pension funds managed by life insurance companies should get tax exemption as is admissible to private pension funds managed by the employers.

(16) Comprehensive computerisation in LIC and the general insurance companies for handling business at all levels for developing effective management information system should be undertaken and completed within the next 12 to 18 months.

(17) To reduce litigation, the institution of ombudsman should be set up by the general insurance industry. Claims in personal lines upto Rs. 5 lac in each case may be considered at this forum.

(18) A Committee with appropriate membership may be set up for detailed scrutiny of the existing insurance laws, rules and regulations, for amendments and consolidation, probably in a new insurance law.

Impact of Foreign Institutional Investments in Stock Market

79. SHRI MENTAY PADMANABHAM: Will the Minister of FINANCE be pleased to state:

(a) whether Government have assessed the long-term impact of the entry of Foreign Institutional Investors into the stock market;

(b) details of assessment made;

(c) whether our stock market can absorb the impact of Foreign Institutional Investors tactical and sudden withdrawals for the market; and

(d) how will Government protect the small share holders?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS (DR. ABRAR AHMED): (a) and (b) While no formal assessment has been made by the Government, Government believes that the long-term impact of entry of Foreign Institutional Investors will be beneficial to the development of the capital market providing it depth and liquidity and enabling Indian companies to more readily raise resources for financing their projects.

(c) While the limits prescribed for Foreign Institutional Investments in individual companies and the structure of capital gains tax applicable for their investments would have a bearing on the likelihood and extent of withdrawal by Foreign Institutional Investors, it is expected that the Indian Stock market itself is mature enough to absorb the impact of any withdrawal by Foreign Institutional Investors.

(d) Small share holders are expected to benefit through increased liquidity and depth in the Indian Stock Market.